

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Imagine Village II, located at 44000 Sahuayo in Lancaster, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$2,339,856 in total state tax credits to finance the new construction of 78 units of housing serving large families and special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Abbey Road Inc. and will be located in Senate District 21 and Assembly District 36.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. This project will be receiving rental assistance in the form of HCD SMHP

Project Number CA-21-048
Project Name Imagine Village II
Site Address: 44000 Sahuayo Street
Lancaster CA, 93535 County: Los Angeles
Census Tract: 9005.040

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$2,339,856
Recommended:	\$2,500,000	\$2,339,856

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Abbey Road, Inc.
Contact: Maura Johnson
Address: 15305 Rayen Street
North Hills CA, 91343
Phone: 818-332-8208
Email: m.johnson@pennylane.org

General Partner(s) / Principal Owner(s): Abbey Road, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Penny Lane Centers
Developer: Abbey Road, Inc.
Investor/Consultant: California Housing Partnership
Management Agent(s): Barker Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 80
No. & % of Tax Credit Units: 78 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (42 units - 54%)

Information

Set-Aside: Nonprofit (homeless assistance)
 Housing Type: Special Needs / Large Family
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 % of Special Need Units: 42 units 54.00%
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 42	50%
At or Below 50% AMI: 14	15%
At or Below 60% AMI: 22	28%

Unit Mix

20 SRO/Studio Units
17 1-Bedroom Units
22 2-Bedroom Units
21 3-BedroomUnits
80 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 SRO/Studio	30%	\$591
2 1 Bedroom	30%	\$633
3 SRO/Studio	30%	\$591
13 1 Bedroom	30%	\$633
10 2 Bedrooms	30%	\$760
2 3 Bedrooms	30%	\$878
5 SRO/Studio	50%	\$893
1 1 Bedroom	50%	\$1,056
7 2 Bedrooms	50%	\$1,267
1 3 Bedrooms	50%	\$1,464
5 2 Bedrooms	60%	\$1,521
17 3 Bedrooms	60%	\$1,757
1 1 Bedroom	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$930,524
Construction Costs	\$29,282,803
Construction Contingency	\$2,164,987
Relocation	\$0
Architectural/Engineering	\$1,432,981
Const. Interest, Perm. Financing	\$2,510,749
Legal Fees	\$185,000
Reserves	\$396,000
Other Costs	\$2,902,997
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$42,006,041

Residential

Construction Cost Per Square Foot:	\$415
Per Unit Cost:	\$525,076
True Cash Per Unit Cost*:	\$525,076

Construction Financing

Source	Amount
Chase Construction	\$30,425,833
LACDA	\$7,790,000
Deferred Costs	\$1,558,800
GP Capital Contribution	\$100
Tax Credit Equity	\$2,231,308

Permanent Financing

Source	Amount
CCRC Permanent Loan	\$4,710,000
HCD (SHMHP)	\$5,420,858
LACDA	\$7,840,000
LA County Fifth District Grant	\$300,000
GP Capital Contribution	\$100
Tax Credit Equity	\$23,735,083
TOTAL	\$42,006,041

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$2,339,856
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.87359
State Tax Credit Factor:	\$0.81000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Special Needs
Final:	72.662%

Significant Information / Additional Conditions:

The applications per unit cost is approximately \$525,076. The applicant noted the cost is due in part the City of Lancaster's requirement for solar photovoltaic carports, local development impact fees and permit fees.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Lancaster, has completed a site review of this project and has no position on this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Van or dial-a-ride service for rural set-aside	4	3	4
Within ½ mile of transit station or public bus stop	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
INSERT APPLICABLE PUBLIC SCHOOL LANGUAGE	2	2	2
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.